

CITY OF EAU CLAIRE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2003

Net change in fund balances - total governmental funds	\$ 8,166,424
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(79,360)
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In the statement of activities, only the gain or loss (\$229,471) on the disposal of capital assets is reported. In the fund financial statements, proceeds from the sale of capital assets (\$1,239,144) are reported because the proceeds increase financial resources.	(1,468,615)
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Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of special assessment recognized as revenue on the fund statement and was recognized in the government-wide statement in prior years.	(2,339,132)
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Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of new special assessments in 2003 that are recognized as deferred revenue in the fund statement and are recognized as revenue in the government-wide statement this year.	2,241,750
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Receivables that are not received within 60 days of year end are recorded as deferred revenue in the fund statements. These amounts are recognized as revenue in the government-wide statements.

Accounts receivable	690,978
Developer receivables	954,000
Grants receivable	57,274
Interest receivable	22,300

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal payments paid.	7,538,670
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Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount of debt issued during the year.	(13,585,000)
In the statement of activities, loans receivable that have been forgiven are recognized as an expense. Since this did not decrease current resources, it is not included as an expenditure on the fund financial statements.	\$ (31,845)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount is the change in the following liabilities.	
Compensated absences	(1,027,912)
Unfunded liability	(309,813)
Duty disability liability	8,248
Permanent disability liability	4,028
Police/fire pension liability	40,194
Interest on long-term debt in the statement of activities differs from the amount reported in the fund financial statements because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities interest expense is recognized as the interest accrues regardless of when it is due.	(67,035)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences:	
Premium on new debt	(103,186)
Debt issuance costs on new debt	131,343
Amortization of debt issuance costs	(1,635)
Amortization of premium	1,284
Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	490,058
Governmental funds report repayments of housing loans and notes receivables as revenue and issuing new housing loans as expenditures. However, in the statement of activities, these amounts are not reported as revenue and expenses.	
New loans recognized as expenditures on fund statements	514,942
Repayment principal on loans and note recognized as revenue on fund statements	<u>(582,719)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,265,241</u>

See accompanying notes to the basic financial statements.